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PROJECT NO. 51840

RULEMAKING TO ESTABLISH
ELECTRIC WEATHERIZATION
STANDARDS

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PUBLIC UTILITY COMMISSION

OF TEXAS

SOUTH TEXAS ELECTRIC COOPERATIVE, INC.'S COMMENTS

TO THE HONORABLE PUBLIC UTILITY COMMISSION OF TEXAS:

COMES NOW, South Texas Electric Cooperative, Inc. ("STEC") and submits the following Comments to the Public Utility Commission of Texas ("PUCT" or "Commission") regarding Commission Staff's Discussion Draft and Questions proposing the new 16 Texas Administrative Code ("TAC") § 25.55 to implement weather emergency preparedness measures for generation entities and transmission service providers ("TSPs") in the Electric Reliability Council of Texas ("ERCOT") power region, as required by Senate Bill 3 ("SB 3"), 87th Legislature Session. The deadline for the filing of Comments to be considered in the above-styled proceeding is July 30, 2021, therefore these Comments are timely filed.

STEC supports and adopts the Comments filed by Texas Electric Cooperatives, Inc. ("TEC")¹ in response to the Staff Discussion Draft and Questions, and files these Comments supplementing the TEC Comments. Specifically, STEC's Comments make the following recommendations to the proposed rule.

- STEC strongly recommends that the Commission first conduct the weather study contemplated in subsection (c) using existing ERCOT weather zones before establishing specific weatherization requirements for generation entities and TSPs.

¹ Comments of Texas Electric Cooperatives, Inc ("TEC Comments").

- The scope of the weather study described in subsection (c) should be narrowed to examine extreme cold weather events and winter conditions along with drought conditions in the summer months.
- The weather reliability standards derived from the weather study should be listed in subsection (d) and should include specific details and milestones for generation resources to meet the weather study. The references in the subsection to only the 95th or 98th percentiles are too vague.
- The Commission's weather reliability standards should specifically exclude hurricanes but should include droughts in the summer months per SB 3 requirements.
- The Commission should modify subsections (h)(3) and (m)(3) to remove the requirement that generation entities and TSPs contract with a qualified professional engineer whenever a de-rate, outage, or maintenance-level outage occurs as a result of the failure to comply with the standards articulated in subsection (d).
- The Commission should clarify that all of the rule's standards applicable to transmission facilities apply only to substation facilities that were designed in conformance with good utility practice but are insufficient to meet the standard. The exemption of transmission lines from the Commission's standards listed in subsection (j) should be affirmatively restated in each subsection applicable to transmission facilities.
- The Commission should modify subsection (k) of the rule to identify specific information to be included in the annual report to ERCOT.
- The Commission should modify subsection (h)(3) to specify the transmission facilities the Commission has determined are critical for reliability, and therefore, will receive priority in ERCOT's inspection schedule.

I. PROPOSED RULE AMENDMENTS

A. General Comments of the Proposed Rule

To most efficiently develop weatherization standards and requirements, STEC strongly recommends that the Commission first conduct the weather study contemplated in subsection (c) that will inform the specific weatherization requirements for generation entities and TSPs. It will be nearly impossible for the Commission to develop specific, enforceable rules and requirements without having first completed the weather study that will serve as the basis for the proposed rules. Performing the study first would result in a much stronger rule with detailed requirements, that better inform market participant conduct and provide regulatory certainty.

B. 16 TAC § 25.55(c) – Weather study

The ERCOT Protocols define “Weather Zone” as a “geographic region designated by ERCOT in which climatological characteristics are similar for all areas within such region.” STEC believes that this definition is appropriate for use and adoption in this rulemaking and therefore, requests that the Commission modify the language in subsection (c) to require ERCOT to use its currently designated eight Weather Zones for the weather study contemplated in this subsection. The rule, as proposed, grants ERCOT the discretion to determine the appropriate weather zones to use for the study. However, the Commission should require that ERCOT use the eight Weather Zones it currently utilizes for load forecasting, determining dynamic equipment ratings, and load profiling for the weather study under the rule for consistency and to create certainty. Specifically, ERCOT should use the already established Far West, Coast, East, North, North Central, South, South Central, and West weather zones. Market participants are familiar with these zones and they have been previously studied to promote consistency and certainty across the ERCOT market. In addition, the use of these zones will reduce the study process and be more efficient.

C. 16 TAC § 25.55(d) – Weather reliability standards for a resource

STEC urges the Commission to state in detail the weather reliability standards in subsection (d) and include milestones that generation resources must meet following completion of the ERCOT weather study. The references in the subsection to only the 95th or 98th percentiles are broad and vague and provide no guidance or direction for generation entities as they begin planning to meet the Commission’s weatherization requirements over the next several years. Specific requirements should be identified by the Commission in the rule to provide generation entities with a defined set of goals and checkpoints that must be met. The Commission should avoid delegating these responsibilities to ERCOT and should instead set these standards itself. The

ERCOT process will only serve to delay the timeline to establish specific criterion that entities must meet. The Commission should provide certainty and direction now by identifying specific details and milestones in this rule and the Commission can engage its own consultant to provide an independent analysis.

STEC further recommends that the Commission's weather reliability standards specifically exclude hurricanes from consideration in the rulemaking because the Legislature's mandate to the Commission to establish weatherization standards was to ensure the availability of adequate generation during extreme cold weather events or droughts in summer months—not during hurricanes. The Legislative mandates do not translate with respect to the operation of generation resources or transmission facilities during hurricanes and would exceed the scope of SB 3.

D. 16 TAC § 25.55(h) – Violations of weather reliability standards by a generation entity

STEC urges the Commission to modify the language in subsection (h)(3) to remove the requirement that generation entities contract with a qualified professional engineer whenever a de-rate, outage, or maintenance-level outage occurs as a result of the failure to comply with the standards articulated in subsection (d). The language in the rule as proposed would require generation entities to contract with a qualified engineer for any de-rates or interruptions that occur during weather events that do not reach the 95th percentile of weather scenarios that are yet to be defined. For instance, if a unit has issues at the same time as a common thunderstorm, the rule would require that a professional engineer be engaged. The rule's language would force generation entities to spend both time and money to contract with engineers to fix any issue that affects a resource's rating during a storm, even if unrelated to the storm. This requirement exceeds the scope of SB 3 and would impose an unreasonable burden on generation entities.

E. 16 TAC § 25.55(j) – Implementation of weather reliability standards for transmission facilities

STEC also recommends that the Commission clarify that all of the rule's standards applicable to transmission facilities apply only to substation facilities. The exemption of transmission lines from the Commission's standards is only mentioned in subsection (j) and the exemption only applies until November 30, 2023. The exemption of transmission lines should be affirmatively restated in each subsection applicable to transmission facilities without an expiration date. These clarifications should be made for consistency and to provide regulatory certainty to TSPs regarding the applicability of the Commission's standards to their transmission facilities. There is no certainty as to the extent of the transmission line improvements that would be required, and no accurate way to estimate the costs that will be passed on to ratepayers without the completion of the weather study and before the Commission mandates new reliability standards.

F. 16 TAC § 25.55(k) – Compliance with weather reliability standards by a transmission service provider

The Commission should modify this section of the rule to identify the specific information that must be included in the annual report to ERCOT. The rule, as proposed, states that the report must, among other things, include "all other information prescribed by ERCOT in its market rules." This requirement is extremely broad and opened ended and provides no guidance or regulatory certainty to TSPs.

G. 16 TAC § 25.55(l)(1) – Inspections for a transmission service provider

STEC recommends that the Commission modify subsection (h)(3) to specify the transmission facilities it determines is critical for reliability, and therefore, will receive priority in ERCOT's inspection schedule. The Commission should list the criteria regarding how the

Commission will deem transmission facilities as critical for reliability in this rulemaking and should not delegate this responsibility to ERCOT stakeholder process. TSPs own and operate an extensive and diverse set of transmission facilities with different characteristics and operational limits. STEC recommends that the Commission limit the inspections under this subsection to 345-kV transmission lines or to facilities that meet NERC's Bulk Electric System definition.² This will ensure that Texas ratepayers are not paying for a myriad of inspections that do not provide an appreciable increase to system reliability.

H. 16 TAC § 25.55(m) – Violations of weather reliability standards by a transmission service provider

Finally, for the reasons stated in Section II.D., above, that are equally applicable to transmission as to generation, STEC urges the Commission to also modify the language in subsection (m)(3) to remove the requirement that TSPs contract with a qualified professional engineer whenever a de-rate, outage, or maintenance-level outage occurs as a result of the failure to comply with the standards articulated in subsection (d).

II. CONCLUSION

STEC appreciates the Commission's review of these important issues and respectfully requests the Commission's consideration of these Comments.

² NERC defines the Bulk Electric System as "all Transmission Elements operated at 100 kV or higher and Real Power and Reactive Power resources connected at 100 kV or higher."

Respectfully submitted,



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